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FISCAL IMPACT STATEMENT

LS 6331

BILL NUMBER: HB 1146

NOTE PREPARED: Nov 19, 2004

BILL AMENDED:

SUBJECT: Minimum Wage.

FIRST AUTHOR: Rep. Day

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill increases Indiana's minimum hourly wage to \$5.65 on September 1, 2005, \$6.15 on March 1, 2006, and \$7.00 on September 1, 2006.

Effective Date: July 1, 2005.

Explanation of State Expenditures: The state has four employees who are paid less than \$7.00 per hour. The cost to increase the minimum wage from the current rate of \$5.15 to \$5.65 per hour on September 1, 2006, \$6.15 per hour on March 1, 2006, and \$7.00 per hour on September 1, 2006, would be approximately \$3,195 for FY 2006 and \$9,006 for FY 2007. As of November 5, 2004, of the four positions being paid less than \$7.00 per hour, two were intermittent positions. The increase in the minimum salary would also affect wage-related benefits such as social security and retirement benefits.

Explanation of State Revenues:

Explanation of Local Expenditures: The local impact of increasing the minimum wage is unknown, but probably minor. The percentage increase from the current rate of \$5.15 would be 9.7% on September 1, 2005, 19.4% on March 1, 2006, and 35.9% on September 1, 2006. The increase in the minimum salary would also affect the local unit's cost of wage-related benefits such as social security and retirement benefits.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources: Department of Personnel Staffing Database.

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